

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 TRSE-00 COME-00 SSO-00 L-03  
FTC-01 CIAE-00 INR-07 NSAE-00 SS-15 SP-02 NSC-05  
SIL-01 EB-07 H-01 NSCE-00 INRE-00 /055 W  
-----231730Z 008253 /47 40  
O 231713Z MAY 77  
FM AMEMBASSY PARIS  
TO SECSTATE WASHDC IMMEDIATE 3089

C O N F I D E N T I A L PARIS 15138

PASS EUR FOR ASSISTANT SECRETARY HARTMAN; TREASURY  
FOR UNDER SECRETARY SOLOMON; COMMERCE FOR ASSISTANT  
SECRETARY WEIL

E.O. 11652: GDS  
TAGS: EGEN, EFIN, EIND  
SUBJ: CASE - POCLAIN ACQUISITION BID

REFERENCE: PARIS 2608; STATE 27418; PARIS 9114

1. AS YOU WILL SEE FROM THE REFERENCED MESSAGES, THE  
AMERICAN FIRM J.I. CASE (A SUBSIDIARY OF TENNECO) HAS  
REACHED AGREEMENT FOR THE ACQUISITION OF A 40 PERCENT  
EQUITY INTEREST IN THE LARGE FRENCH CONSTRUCTION  
EQUIPMENT MANUFACTURER POCLAIN SA. AFTER LENGTHY  
DISCUSSIONS AND SOME MODIFICATIONS THIS AGREEMENT WAS  
APPROVED BY THE GOF IN LATE MARCH. ALTHOUGH IT WAS  
POLITICALLY RISKY FOR THE GOF TO SURRENDER SUCH A  
LARGE SHARE OF A PRESTIGIOUS FRENCH COMPANY TO AN  
AMERICAN MNC, IT DID SO IN THE CONVICTION THAT  
THERE WAS NO ALTERNATIVE IF POCLAIN, WITH ITS 5,000  
WORKERS IN FRANCE AND 9,000 WORLDWIDE, WAS TO STAY  
ALIVE.

2. THE GOF IS THUS NOW DEEPLY DISTURBED TO LEARN  
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THAT THE FEDERAL TRADE COMMISSION APPEARS DETERMINED  
TO PURSUE ITS SUIT AGAINST THE MERGER UNDER THE  
CLAYTON ACT. IN THE FRENCH VIEW THE "SICK COMPANY"  
PRINCIPLE OF OUR ANTI-TRUST PHILOSOPHY SHOULD CLEARLY  
BE APPLICABLE IN THIS CASE, AND A BREAKUP OF THE  
MERGER WOULD SIMPLY REDUCE, RATHER THAN ENHANCE,  
COMPETITION IN THE US MARKET. OF PRIME

INTEREST TO THE GOF IN THE CURRENT POLITICAL SITUATION IS, OF COURSE, THE CRITICISM IT WOULD INCUR IF A USG ACTION WERE TO RESULT IN THE COLLAPSE OF A MAJOR EXPORT EARNER EMPLOYING 5,000 FRENCHMEN.

3. ON MAY 18, FINANCE MINISTER-DELEGATE BOULIN WROTE PERSONALLY TO THE "PRESIDENT" OF THE FTC ASKING HIS PERSONAL ATTENTION TO THE "ECONOMIC AND ABOVE ALL HUMAN" ASPECTS OF THE PROBLEM. BOULIN'S LETTER POINTS OUT THAT POCLAIN WOULD HAVE TO CUT BACK ON ITS OPERATIONS, WITH RESULTING LAYOFFS BOTH IN FRANCE AND IN THE U.S. THIS, IN TURN, WOULD HAVE UNFORTUNATE "SOCIAL, POLITICAL, AND PSYCHOLOGICAL CONSEQUENCES AFFECTING FRENCH PUBLIC OPINION."

4. I THOUGHT THAT BOULIN'S LETTER, AND THE FACT THAT THE TOP LEVEL OF FINANCE MINISTRY (DELAROSIERE) HAS FOLLOWED UP PERSONALLY WITH THE EMBASSY, SHOULD BE BROUGHT TO YOUR PERSONAL ATTENTION. GIVEN THE EMERGENCE OF UNEMPLOYMENT AS THE FRENCH OPPOSITION'S PRIMARY POINT OF ATTACK UPON THE GOVERNMENT, PLUS THE LEFT'S QUICKNESS TO ACCUSE THE US OF INDUCING UNEMPLOYMENT IN FRANCE, THE GOF'S HIGH LEVEL OF CONCERN IN THIS MATTER SEEMS JUSTIFIED. ALTHOUGH I REALIZE THAT THE FTC IS AN AUTONOMOUS AGENCY, THERE MAY BE SOMETHING TO BE GAINED BY AN INFORMAL DISCUSSION OF THE ISSUE AT AN APPROPRIATELY HIGH LEVEL. I UNDERSTAND THAT A DECISION IN THE CASE MAY BE REACHED THIS WEEK. IT  
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WOULD SEEM TO US THAT SOME FORMULA COULD BE FOUND TO PRESERVE COMPETITION IN THE NARROW AREA WHERE THE CASE AND POCLAIN LINES OVERLAP WITHOUT DOING FUNDAMENTAL VIOLENCE TO A MERGER WHICH, SEEN FROM HERE, PROMISES TO BE STRONGER THAN THE SUM OF ITS TWO PARTS.

5. BOULIN LETTER IS DATED MAY 18 AND HAS PRESUMABLY SINCE BEEN DELIVERED BY THE FRENCH EMBASSY'S FINANCIAL COUNSELOR TO THE FTC CHAIRMAN.  
GAMMON

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## Message Attributes

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**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
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**Reference:** 77 PARIS 2608, 77 STATE 27418, 77 PARIS 9114  
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**TAGS:** EGEN, EFIN, EIND, US, TENNECO, J I CASE, POCLAIN SA  
**To:** STATE  
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**Review Markings:**  
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